



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Paul Krutko

SUBJECT: DEPUTY DIRECTOR POSITION
ADDITION: OFFICE OF CULTURAL
AFFAIRS

DATE: May 22, 2007

Approved	/s/	Date	05/25/07
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RECOMMENDATION

1. Approval to add a 1.0 Deputy Director unclassified position, for the Office of Economic Development (OED) Cultural Affairs, to be funded by the Transient Occupancy Tax Fund in the Cultural Grants appropriation in the amount of \$152,000; and
2. Approval of the Arts Commission recommendation that (i) the funding of said position by Transient Occupancy Tax revenue be reviewed annually during the annual budget process so as to return the position to the General Fund as soon as possible; and (ii) the arts community and the Arts Commission be actively engaged in recruitment and selection to ensure the hiring of a person possessing the qualifications appropriate for the role envisioned.

BACKGROUND

Cultural Leadership Proposal

This memorandum proposes to reinstate the leadership position of the Office of Cultural Affairs (OCA) that was eliminated as part of the 2005-2006 Adopted Operating Budget. While OED leaders agreed to provide interim leadership to OCA, a city of San Jose's size and ambition requires a full-time, experienced cultural leader to work with the staff, the Arts Commission and the cultural community. Since the General Fund shortfall is anticipated to continue for a number of years, staff sought the input of the Arts Commission and the arts community regarding funding the Deputy Director of OED for Cultural Affairs with Transient Occupancy Tax (TOT) revenues.

At its public meeting on May 9, 2007, the Arts Commission unanimously approved funding the position with TOT, provided that the funding of said position by Transient Occupancy Tax revenue be reviewed annually during the annual budget process so as to return the position to the General Fund as soon as possible; and the arts community and the Arts Commission be actively engaged in recruitment and selection to ensure the hiring of a person possessing the qualifications appropriate for the role envisioned.

BACKGROUND (CONT'D.)

It is estimated that the first-year cost of the position will be approximately \$152,000, dependent on the step at which a candidate may be hired.

ANALYSIS

Transitional Leadership to Full-time Professional

San José has a significant opportunity to go to the next stage with its cultural development in the next several years, and will also continue to have challenging, complex situations that need to be addressed. This requires a first-rate, experienced, full-time leader of the City's cultural affairs function. This full-time leadership is particularly critical in light of the expanding economic development responsibilities of the Director, Assistant Director, and in light of a Chief Deputy City Manager's retirement in July.

The proposed Deputy Director of OED for Cultural Affairs will be charged with being a fully engaged, vital force in San Jose's effort to evolve as a global center of creativity and innovation. Through a national search, the City would seek a well-respected, well-connected arts professional who has a track record of catalytic leadership. This person would bring new relationships, new resources, and enhanced credibility to San José. This leadership position will be able to focus a full-time effort on engaging with and representing the interests of the arts community, residents, and visitors; and addressing all arts and culture-related issues with City Council and the City Manager.

This position is envisioned as a change agent within the City structure, to integrate arts/culture as an important consideration involving City resource decisions and policy development, and to ensure OCA's contribution to discussions that involve arts or cultural facilities, neighborhood arts development, special events and other arts/cultural matters. The Deputy Director will support and encourage the Arts Commission as an active and effective advocate for San Jose's role as a regional center for arts and culture. This position will also be expected to develop a multi-layered, creative approach to build beneficial partnerships between the City, other public agencies, funders and private industry for the sponsorship of cultural activities.

In addition to establishing a strong identity for OCA and being a significant presence and catalyst in the arts community, the Deputy Director could assume responsibility for managing the relationships with large cultural institutions that operate city-owned facilities. This is an area that has been managed by the Chief Deputy City Manager, and has been a point of emphasis recently as several institutions experienced financial difficulties.

ANALYSIS (CONT'D.)

Selection Process

The arts community has requested to participate in the recruitment process for this critical position. Staff will work with interested arts leaders to define the desired characteristics and skill sets of the Cultural Affairs leader, in coordination with the Human Resources Department. As has been the practice of OCA for its management positions, arts leaders will be included on the interview panel to ensure that the constituency has provided input into the selection process.

Funding Source

The Budget Office's initial projection of 2007-2008 TOT revenue (\$3,399,386) formed the basis for the Arts Commission's allocation of funds to the various grant programs, reserves and other costs supported by TOT. The Commission's allocation is always made in March, as the competitive grant cycle takes place in early spring of each year for the following fiscal year. Subsequently, the City Manager's Budget Office revised its 2007-2008 TOT revenue projection upward by \$449,350. The amount proposed to fund the Deputy Director position (\$152,000) is a portion of the additional projected revenue, and does not impact the recommended 2007-2008 grant awards.

Municipal Code Sec. 4.72.060 allocates 4% of San Jose's 10% Transient Occupancy Tax. In describing allowable uses for that portion of TOT that supports the arts (known as Appropriation 0096), the Code specifies two uses:

- 1) ..*"cultural grants"* and
- 2) ..*"funding the expenses of the fine arts division of the convention and cultural department [i.e., Office of Cultural Affairs], including but not limited to personal, nonpersonal, and equipment expenses, fringe benefits, and overhead."*

Historically, the bulk of the Cultural Grants appropriation has been distributed in direct grants to arts/cultural/festival organizations. However, it has also supported a range of arts programming and the development of cultural plans. This proposal would allocate 3.9% of projected 2007-2008 TOT revenue to fund the Deputy Director position.

CONCLUSION

Establishment of the Deputy Director of OED for Cultural Affairs position and selection of a highly skilled candidate, will ensure that the City, the Arts Commission, San Jose's arts community and residents have the kind of full-time, experienced leadership required to meet the high and rising expectations of San Jose's cultural community. While the arts community is sensitive to the use of TOT funds for this position, there are sufficient projected revenues to fund this position in the 2007-2008 Proposed Operating Budget. As part of the annual budget process, this position would be reviewed for General Fund funding as appropriate.

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COORDINATION

This MBA has been coordinated with the City Manager's Office, the Arts Commission, and the City Manager's Budget Office.

/s/

PAUL KRUTKO

Chief Development Officer

City Manager's Office